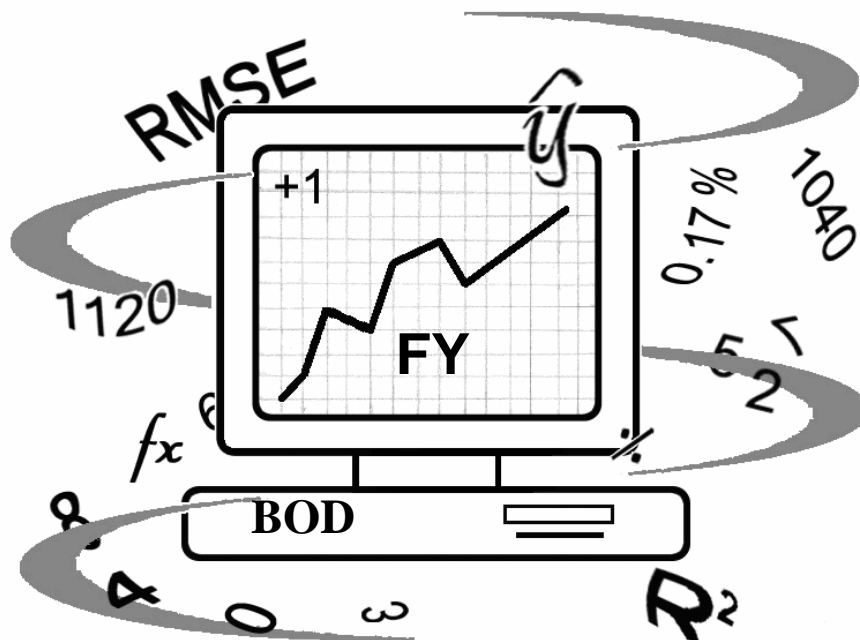

Document 6292

Spring 2006 Update

Fiscal Year Return Projections for the United States 2006 - 2013



*Office of Research
Research, Analysis, and Statistics*

Document 6292 (revised 6-2006) is produced by the IRS Office of Research, within the Research, Analysis, and Statistics organization.

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Questions or comments regarding these return forecasts or related matters can be directed to the corresponding staff member listed below.

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Forecasts Available Electronically

Forecasts from the most recent edition of this publication are also available on the IRS's web site. From the www.irs.gov website, select the "Tax Stats" link, then "Products and Publications", and then "Projections" (under the Publications heading). IRS employees can also access this projection product on the IRWeb intranet site by selecting the "Commissioner" link, followed by "Research, Analysis and Statistics", then "Publications", and then "Projections and Forecasting documents."

Distribution

If you are an IRS employee and would like to receive a printed copy of this document on a continual basis, please contact your local IMDDS coordinator and obtain the appropriate protocol for inclusion on the distribution list. All non-IRS customers, and IRS customers uncertain of their local IMDDS coordinator, can contact the Acting Chief, Projections and Forecasting Group on (202) 874-0588.

Fiscal Year Return Projections for the United States: 2006 – 2013

Document 6292
Spring 2006 Update

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(Spring 2006)

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Overview

The following spring 2006 edition of IRS Document 6292 provides the most recent revisions to the U.S. level projections of tax returns to be filed for fiscal years (FY) 2006 through 2013 by the major return categories, including selected detail by IRS business operating divisions. Office of Research staff, within the IRS Research, Analysis, and Statistics organization prepare these projections semi-annually in order to incorporate changes in filing patterns, economic and demographic trends, legislative requirements, and IRS administrative processes. These forecasts provide a basis for IRS workload estimates and resource requirements contained in IRS budget submissions and other resource planning and analysis. The projections in this document are based on the information available in early spring 2006, including enacted tax law changes and confirmed administrative plans. Legislative or administrative initiatives under consideration are generally not used to adjust the projections due to the uncertain nature of their eventual outcome. As a result, the projections of electronically filed (e-file) returns contained in this publication are not goals, per se, and should not be interpreted as precluding an alternate e-file future.

Data Sources and Projection Methodology

The reported actual values of returns filed in FY 2005 are based on returns processed and recorded on the IRS master files. These values are mostly obtained by the same master file reporting systems as those used in the Internal Revenue Service Data Book (Publication 55B) for that processing year. In cases where master file return counts were not available, tallies of actual filings were supplied by program staff in the IRS operating divisions, generally from data capture systems located in the IRS processing campuses.

Depending on the properties and characteristics of each filing category, the forecasting methods were selected to capture and extrapolate historical filing trends in Document 6292. In general, the projections are computed for the calendar year of filing and converted to the corresponding fiscal year based on the historical quarterly filing experience. The resulting outcome is applications of statistical models such as regression models, time series techniques, growth rates and historical ratio methods. The projection method used depends on the form type, the availability of historical data, and applicability of relevant economic and demographic forecasts. Primary principles used throughout the document are time series extrapolation methods such as trended exponential smoothing approaches. However, some return forecasts are based on regression models which incorporate key economic and demographic input variables provided by Global Insight, Inc. Customers interested in obtaining more detail on forecasting methodologies are welcome to contact the respective staff member listed on the inside front cover.

Summary of Significant Trends and Revisions

A summary of the major trends and other significant factors embedded in the return forecasts for this edition of Document 6292 are noted below.

E-file Mandates

In January 2005, IRS released regulations that imposed e-file mandates for some large corporations and tax-exempt organizations whose assets exceed certain thresholds. However, these e-file mandates only apply to those corporation and tax-exempt entities that file at least 250 returns (including other tax returns such as Forms 941 and information returns). The e-file mandates require corporations with total assets of at least \$50 million to e-file their Forms 1120/1120S income tax returns starting on January 1, 2006. This e-file requirement is expanded to corporations with at least \$10 million in assets beginning in 2007. In total, approximately 13,000 and 30,000 Forms 1120/1120S filers are projected to fall under the e-file mandates in 2006 and 2007, respectively.

Similarly, tax-exempt organizations with \$100 million or more in total assets that file at least 250 returns are required to file their Forms 990 electronically starting on January 1, 2006, with the threshold lowered to \$10 million in 2007. These e-file mandates are expected to impact an estimated 1,700 Form 990 filers in 2006 and approximately 10,000 filers in 2007. Also impacted, beginning in calendar year 2007, are private foundations and charitable trusts which will be required to file their Forms 990/PF electronically, regardless of their asset sizes, if they file at least 250 tax returns. However, less than 100 filers of Form 990PF are likely to be impacted by the mandate. Corresponding adjustments have been made to the e-file forecasts for Forms 1120, 1120S, 990 and 990PF in this edition of Document 6292 to account for the impact of these mandates.

Cessation of the IRS TeleFile Programs

On August 16, 2005, IRS officially discontinued the TeleFile programs for Forms 1040EZ, 4868 and 941. The actual fiscal year 2005 data shown in this update of Document 6292 represent the final year of published TeleFile data.

Elimination of Form 2688

IRS implemented new regulations this filing year (2006) that had the de facto effect of eliminating filings of Form 2688 (*Application for Additional Extension of Time to File U.S. Individual Income Tax Return*). In previous years, Forms 4868 (i.e., the “first extension”) provided a four-month grace period, while Forms 2688 (i.e., the “second extension”) supplied an additional two-month extension. The new regulations provided taxpayers an automatic six-month extension to file individual returns, if they file a Form 4868 (*Application for Automatic Extension of Time to File a U.S. Income Tax Return*). The effects of these two forms are combined into a single six-month automatic extension via Form 4868.

Expansion of Form 7004

The projections in this publication reflect the expanded scope of Form 7004, which was only used previously to request an extension to file a corporation income tax (Form 1120 series) return. Form 7004 will now be used to file extensions for partnership (Form 1065) and fiduciary (Form 1041) returns. The dramatic increase shown in the current filing season (2006) estimate represents the effects of this development.

Excise E-file Estimates

The American Jobs Creation Act of 2004 includes a mandate requiring Form 2290 (*Heavy Highway Vehicle Use Tax Return*) filers reporting 25 or more trucks to e-file beginning in July 2005. Although the implementation date for the e-file system was delayed, at the time of this publication, the IRS is scheduled to provide e-filing capabilities starting in August 2007. Once the system is in place, Forms 2290, as well as Forms 720 (*Quarterly Federal Excise Tax Return*), can be electronically filed. This edition of Document 6292 includes forecasts of excise returns based on the latest confirmed implementation date.

Changes in Estate Tax

The Economic Growth and Tax Relief Reconciliation Act of 2001 had a significant impact on estate tax law. The tax relief act reduced estate tax liability by raising the allowable exempt amount of taxable estates and by lowering the maximum tax rate for calendar years 2002 through 2009. Under current law, the estate tax will be repealed for deaths occurring in 2010 only. In 2011, the estate tax law will then revert to the law in place before June 7, 2001. The effects of the 2001 tax law account for the unique trend in estate tax return filings over the forecast horizon covered in this document.

New Form 944

In an effort to reduce taxpayer burden on small businesses, IRS plans to make Form 944 (*Employer's Annual Federal Tax Return*) an annualized version of Form 941 (*Employer's Quarterly Federal Tax Return*) available to taxpayers starting in January 2007. Form 944 will be available to business filers with annual employment tax liability of \$1,000 or less. Instead of filing quarterly Forms 941, eligible taxpayers will file Form 944 once a year. Consequently, as qualified taxpayers switch to filing Form 944, return volumes of Form 941 will drop, beginning in mid-FY 2006. Around 900,000 taxpayers are expected to transition to Form 944 in its first year. As a result, this edition of Document 6292 includes forecasts of the new Form 944, as well as the associated downward impact on Form 941 return volumes for both e-file and paper components.

Employee Plans Returns

Forms 5500 is a multi-agency Information Return filed to satisfy reporting requirements to Internal Revenue Service, Department of Labor (DOL), and Pension Benefit Guaranty Corporation. Form 5500EZ is an IRS return created to ease filer burden for one-participant plans. The Form 5500 series has been processed by the Department of Labor since calendar year 2000. However, the DOL is creating a system to support the electronic filing mandate for Form 5500 returns satisfying the reporting requirements under Title I of ERISA. Since some of the IRS data needed falls outside the scope of Title I, the IRS will regain responsibility for processing portions of the Form 5500 data in the future. More specifically, Form 5500EZ and Schedule SSA returns will be processed in IRS starting in calendar year 2009. In support of IRS Tax Exempt/Government Entities (TE/GE) Division's resource planning needs, this update of Document 6292 includes projected total Forms 5500 and 5500EZ volumes (Table 2, *Selected Fiscal Year Return Filing Estimates by Business Operating Division*). Additional EP returns projections will be included in future documents.

The 2005 actual EP volume reflects a count of all returns posted to the Employee Plan Master File, including welfare benefit plan returns. However, the projected EP returns are based on historical data from the 208-18-10 Report and exclude welfare benefit plans. This provides a more accurate count of the number of Forms 5500 and 5500EZ.

Fiduciary (Form 1041) Returns

In January 2006, IRS released final regulations modifying the reporting requirements for Widely Held Fixed Investment Trusts (WHFITs). The regulation changes reporting requirements for Form 1041 filers, specifically, for non-mortgage widely held fixed investment trusts. In effect, a significant number of previous fiduciary Form 1041 filers will instead file an Information Reporting document (form to be determined). The regulation is estimated to result in a decrease of approximately 800,000 Form 1041 returns, mostly e-filed returns, starting in processing year 2008.

Trend in Grand Total Return Filings

As presented in Table 1, grand total return filings are expected to reach 230.2 million in fiscal year 2006, a growth of two percent over FY 2005. In contrast, grand total filings for FY 2007 are expected to increase one percent from FY 2006 to 232.8 million returns. However, the small growth in grand total filings in 2007 is a net effect that masks some rather dramatic shifts among selected return volumes. In particular, and for reasons highlighted in the preceding narrative, volumes of Forms 941 are projected to drop noticeably in 2006. Meanwhile, filings of Forms 7004 are expected to nearly double. After FY 2007, grand total return filings are projected to grow at a more typical average annual rate of a little over one percent, reaching 249.2 million by FY 2013.

Detail by Business Operating Division

Table 2 presents estimates of selected return filings by IRS “Business Operating Divisions” (BODs). The selected returns include total individual income tax returns, corporation income tax returns, partnership returns, employment returns, excise returns, and exempt organization returns. As applicable, these volumes are broken out by their operating division components: “Wage and Investment” (W&I), “Small Business/Self Employed” (SB/SE), “Large and Mid-Sized Business” (LMSB) and “Tax Exempt/Government Entities” (TE/GE). Also included are the projected total filings of employee plans (EP) returns currently processed by the Department of Labor, which comprise major return filings by taxpayers served by the TE/GE operating division.

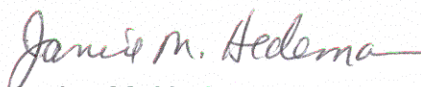
Track Record of Projection Accuracy

In an effort to measure the quality of our products and services, this section, along with Table 3, provides a brief analysis of the accuracy of prior projections. Using four years of actual data from 2002 through 2005, Table 3 presents the accuracy of our national level projections by major return categories. This analysis covers only the major return categories projected on a calendar year basis and serves as a general measure for gauging the overall reliability of our U.S. level return projections. The return categories considered in Table 3 consist of the following: Grand Total, Total Primary Returns, Individual (income tax) Total, Individual Estimated Tax, Fiduciary, Partnership, Corporation, Employment, Exempt Organization, and Excise. When there was sufficient data on prior forecasts, we also included selected breakouts of “paper” volumes versus “e-file/magnetic tape” filings.

The table presents two measures of projection accuracy; the mean absolute percent error (MAPE), and the number of over-projections. We also include the latest actual filing volumes for 2005 to provide perspective on the volume of returns being projected. The MAPE is computed as the average percent projection error regardless of whether they were over- or under- projections over the four most recently applicable projection cycles. The associated number of over-projections can show whether we consistently over- or under- project. A value of two indicates balanced forecasts over the four cycles. The table groups these two measures by time horizon. The time horizon is determined by when the forecast was made and for what future year. For example, a forecast for 2002 made in 1999 would be part of the “3-years-ahead” time horizon. The table presents time horizons from one to five years ahead and factors in the most current four observations. As an example, for the “3-years-ahead” information, we use the forecasts made in 1999 for 2002, those made in 2000 for 2003, those made in 2001 for 2004, and those made in 2002 for 2005.

Comments and Questions

We thank our customers for their support as we continually seek to improve our products and service wherever possible. We welcome customer feedback at any time. Comments and suggestions regarding this document can be directed to Andre Palmer, Acting Chief, Projections and Forecasting Group at (202) 874-0588. Questions concerning methodologies and specific tax returns listed in this document may also be directed to the projections staff listed on the inside front cover. This and other projections documents are also available electronically, as noted on the inside front cover.

A handwritten signature in dark ink, reading "Janice M. Hedemann" with a long horizontal flourish extending to the right.

Janice M. Hedemann
Director, Office of Research

Table 1. Fiscal Year Projections of the Number of Returns to be Filed with IRS

Type of Return	Actual - FY	Projected - Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Grand Total	225,406,059	230,779,000	233,425,400	235,894,600	238,879,400	241,732,500	244,448,200	247,212,600	249,900,800
Paper Grand Total	147,619,588	147,913,900	142,822,400	138,658,000	135,064,300	132,216,100	129,910,400	128,168,500	126,765,300
Electronic Grand Total	77,786,471	82,865,100	90,603,000	97,236,600	103,815,100	109,516,400	114,537,800	119,044,100	123,135,400
Total Primary Returns	208,665,591	210,523,300	212,380,400	214,174,600	216,482,000	218,684,000	220,746,100	222,876,100	224,910,000
Individual Income Tax, Total	132,854,063	134,437,600	136,017,700	137,554,700	139,027,800	140,470,800	141,878,000	143,236,400	144,532,900
Forms 1040, 1040A and 1040EZ	132,114,346	133,664,600	135,214,000	136,720,400	138,162,900	139,575,200	140,951,700	142,279,500	143,545,300
Paper Forms 1040/1040A/1040EZ	63,707,629	60,686,600	56,026,700	51,965,000	48,460,100	45,502,500	43,033,700	40,983,800	39,283,200
Electronic Individual Returns	68,406,717	72,978,000	79,187,300	84,755,400	89,702,800	94,072,700	97,918,000	101,295,700	104,262,200
Form 1040NR	623,062	653,600	681,600	709,500	737,400	765,400	793,300	821,200	849,100
Forms 1040PR and 1040SS	116,655	119,400	122,100	124,800	127,500	130,300	133,000	135,700	138,400
Individual Estimated Tax, Form 1040-ES	28,730,658	29,750,300	30,163,700	30,380,700	30,494,700	30,554,500	30,585,900	30,602,400	30,611,000
Paper Form 1040ES	28,677,325	29,676,400	30,079,900	30,287,000	30,390,900	30,440,500	30,461,600	30,467,700	30,475,600
Electronic (Credit Card) Form 1040ES	53,333	73,900	83,800	93,700	103,800	114,000	124,300	134,700	135,400
Fiduciary, Form 1041	3,684,256	3,756,500	3,818,900	3,138,600	3,143,600	3,205,900	3,268,300	3,330,600	3,393,000
Paper Fiduciary Returns	2,334,070	2,362,000	2,364,000	2,431,800	2,387,700	2,400,500	2,413,900	2,427,700	2,441,900
Electronic Fiduciary Returns	1,350,186	1,394,500	1,454,900	706,800	755,900	805,400	854,400	902,900	951,100
Fiduciary Estimated Tax, Form 1041-ES	829,978	850,700	862,800	874,900	887,000	899,100	911,200	923,200	935,300
Partnership, Forms 1065 and 1065B	2,664,591	2,863,200	3,026,700	3,185,100	3,338,600	3,487,500	3,632,100	3,772,500	3,909,000
Paper Partnership Returns	2,494,020	2,585,000	2,650,100	2,703,600	2,738,700	2,755,100	2,753,100	2,732,800	2,694,500
Electronic Partnership Returns	170,571	278,200	376,600	481,500	599,900	732,400	879,000	1,039,700	1,214,400
Corporation Income Tax, Total	6,101,295	6,315,700	6,477,100	6,649,000	6,815,900	6,973,100	7,125,100	7,279,200	7,450,200
Paper Corporation Returns, Total	5,900,373	5,691,500	5,149,900	4,390,800	3,872,400	3,668,700	3,639,300	3,680,500	3,753,000
Electronic Corporation Returns, Total	200,922	624,200	1,327,200	2,258,200	2,943,500	3,304,400	3,485,800	3,598,700	3,697,200
Forms 1120 and 1120A	2,248,408	2,213,000	2,183,300	2,145,000	2,107,200	2,071,400	2,036,800	2,002,200	1,964,900
Electronic 1120/1120A	51,223	147,500	350,400	625,600	845,100	950,600	981,500	980,700	967,400
Form 1120F	26,363	27,600	28,400	29,300	30,300	31,100	32,000	32,800	33,800
Form 1120H	170,291	179,300	186,600	194,800	202,600	209,900	217,000	224,300	232,400
Forms 1120L/PC/SF/FSC/REIT/RIC	22,257	20,700	21,200	21,800	22,500	23,200	23,900	24,400	24,700
Form 1120S	3,633,976	3,875,000	4,057,600	4,258,100	4,453,400	4,637,400	4,815,400	4,995,500	5,194,400
Electronic 1120S	149,699	476,600	976,800	1,632,600	2,098,400	2,353,800	2,504,200	2,617,900	2,729,800
Small Corporation Election, Form 2553	565,768	587,400	608,600	622,400	637,100	652,500	667,600	682,000	696,700
"REMIC" Income Tax, Form 1066	21,757	23,100	24,600	26,100	27,500	28,800	30,200	31,600	32,900
Estate, Forms 706, 706NA/GS(D)/GS(T)	65,703	53,600	38,000	32,000	28,600	20,400	11,600	51,000	65,100
Gift, Form 709	276,570	264,800	263,700	262,600	261,500	245,900	180,700	238,300	257,500
Employment Tax, Total	30,840,863	29,779,400	29,197,600	29,539,400	29,863,100	30,156,000	30,417,500	30,657,900	30,906,600
Paper Employment Returns, Total	25,057,856	24,205,500	23,401,300	23,418,200	23,427,900	23,406,900	23,354,300	23,279,800	23,211,900
Electronic Employment Returns, Total	5,783,007	5,573,900	5,796,200	6,121,200	6,435,200	6,749,100	7,063,200	7,378,000	7,694,700
Form 940, Total	5,889,398	6,073,500	6,121,300	6,170,900	6,219,800	6,263,400	6,303,500	6,342,400	6,385,600
Paper Forms 940, 940EZ and 940PR	4,937,514	5,050,700	5,028,700	5,006,800	4,983,400	4,954,800	4,922,500	4,888,500	4,857,000
Form 940 E-File/On-line/XML	951,884	1,022,800	1,092,600	1,164,100	1,236,500	1,308,700	1,381,000	1,453,800	1,528,600
Forms 941, 941PR and 941SS, Total	24,541,466	23,303,200	21,806,700	22,096,100	22,370,400	22,619,400	22,840,800	23,043,200	23,250,600
Paper 941, 941PR/SS, Total	19,710,343	18,752,100	17,132,400	17,168,800	17,201,900	17,209,500	17,189,500	17,150,300	17,116,100
Form 941 E-File/On-line/XML	4,018,301	4,551,100	4,674,300	4,927,300	5,168,500	5,409,900	5,651,300	5,892,900	6,134,600
Form 941 TeleFile	812,822	-	-	-	-	-	-	-	-
Form 944	NA	-	878,700	893,200	905,000	916,800	928,100	938,300	947,500
Paper Form 944	NA	-	849,400	863,400	874,800	886,200	897,100	907,000	915,800
Electronic Form 944	NA	-	29,300	29,800	30,200	30,600	31,000	31,300	31,600
Forms 943, 943 PR and 943SS	259,903	255,800	249,400	242,900	236,400	230,000	223,500	217,000	210,600
Form 945	148,186	144,900	139,600	134,400	129,400	124,500	119,700	115,000	110,500
Form CT-1	1,910	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

Notes:

See Table Notes page for definitions of "Type of Return."

Detail may not add to subtotal/total due to rounding.

NA signifies form type is no longer valid or has not yet commenced.

Table continues on the next page.

Internal Revenue Service
Office of Research, Projections and Forecasting Group
Spring 2006 Document 6292

Table 1 (continued). Fiscal Year Projections of the Number of Returns to be Filed with IRS

Type of Return	Actual - FY	Projected - Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Withholding on Foreign Persons, Form 1042	30,712	31,800	32,400	33,000	33,600	34,200	34,800	35,400	36,000
Exempt Organization, Total*	807,635	831,400	859,700	874,600	908,700	926,600	960,500	978,200	1,012,000
Paper Exempt Organization, Total	804,398	821,000	833,400	829,200	839,500	834,800	845,200	839,100	844,400
Electronic Exempt Organization, Total	3,237	10,400	26,200	45,400	69,200	91,800	115,300	139,100	167,700
Form 990	392,051	399,900	419,400	425,600	450,900	460,000	485,300	494,500	519,800
Form 990, Electronic	2,124	7,500	20,100	33,800	49,600	63,800	79,400	94,900	114,200
Form 990EZ	137,379	149,000	151,900	154,800	157,800	160,700	163,600	166,500	169,400
Form 990EZ, Electronic	1,025	2,300	4,600	8,700	14,000	18,800	23,500	28,600	34,200
Form 990PF	85,051	89,300	92,100	95,200	98,400	101,500	104,600	107,700	110,900
Form 990PF, Electronic	88	600	1,500	3,000	5,700	9,200	12,400	15,600	19,200
Form 990T	67,196	64,000	64,800	65,600	66,400	67,100	67,900	68,700	69,500
Form 4720	2,007	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900
Form 5227	123,951	127,100	129,100	131,000	132,900	134,700	136,400	138,000	139,600
Form 990C *	3,524	3,400	3,300	3,100	3,000	2,900	2,800	2,700	2,500
Government Entity/Bonds	49,466	52,900	54,500	55,600	56,700	57,700	58,800	59,800	60,900
Form 8038	3,804	6,200	6,400	6,300	6,300	6,300	6,300	6,200	6,200
Form 8038G	31,021	31,300	32,500	33,500	34,500	35,500	36,500	37,500	38,500
Form 8038GC	12,666	13,700	14,000	14,100	14,200	14,200	14,300	14,400	14,400
Form 8038T	1,741	1,500	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Form 8328	234	200	300	300	300	300	300	300	300
Political Organizations	9,252	9,100	8,900	9,300	9,000	9,500	9,100	9,600	9,300
Form 1120POL	5,069	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
Form 8871	1,160	1,500	1,800	1,900	1,900	2,000	2,000	2,100	2,200
Form 8872	3,023	2,500	2,100	2,400	2,000	2,400	2,000	2,400	2,000
Electronic Form 8872	2,080	1,700	1,300	1,700	1,300	1,800	1,400	1,900	1,500
Excise, Total	1,063,649	846,000	856,400	868,600	881,900	895,800	910,000	924,400	939,000
Form 11-C	9,990	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800
Form 720	109,283	102,300	98,000	95,500	94,000	93,200	92,700	92,400	92,200
Electronic Form 720	NA	-	100	800	1,700	3,100	5,500	8,500	11,100
Form 730	45,914	43,000	41,900	40,700	39,600	38,400	37,300	36,100	34,900
Form 2290	898,462	690,900	706,800	722,600	738,500	754,400	770,200	786,100	802,000
Electronic Form 2290	NA	-	7,600	14,700	21,600	33,600	54,500	81,300	105,500
Excise Taxes re Employee Plans, Form 5330	25,118	27,100	27,600	27,600	27,600	27,600	27,600	27,600	27,600
Payment or Refund under Sec. 7519, Form 8752	40,733	39,300	38,200	37,100	36,100	35,200	34,300	33,300	32,500
Supplemental Documents	16,740,468	20,255,800	21,045,100	21,720,000	22,397,400	23,048,500	23,702,100	24,336,500	24,990,700
Form 1040X	3,181,743	3,440,900	3,533,900	3,625,900	3,716,700	3,806,400	3,895,000	3,982,600	4,069,100
Form 4868	9,359,150	9,702,000	10,013,600	10,325,000	10,636,000	10,946,700	11,257,100	11,567,200	11,876,900
Electronic Form 4868	1,814,778	1,925,400	2,332,000	2,738,900	3,145,800	3,552,900	3,960,000	4,367,400	4,774,800
Form 1120X	12,913	12,100	11,500	10,800	10,200	9,600	9,100	8,600	8,100
Form 5558	369,700	360,800	360,800	360,800	360,800	360,800	360,800	360,800	360,800
Form 7004	3,355,335	6,240,100	6,593,300	6,844,000	7,085,100	7,315,600	7,537,800	7,757,000	7,985,300
Electronic Form 7004	47,467	386,800	1,070,900	2,027,700	3,110,900	3,667,500	4,140,300	4,224,800	4,342,800
Form 8868	461,627	499,800	531,900	553,600	588,600	609,400	642,300	660,400	690,600
Electronic Form 8868	1,640	4,800	9,700	18,200	34,300	55,200	76,400	96,300	119,800

Notes:

See Table Notes page for definitions of "Type of Return."

Detail may not add to subtotal/total due to rounding.

NA signifies form type is no longer valid or has not yet commenced.

*Exempt Organization Total excludes Form 990C.

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Table 2. Selected Fiscal Year Return Filing Estimates by Business Operating Division (BOD)

Type of Return/BOD	Actual - FY 2005	Projected - Fiscal Year							
		2006	2007	2008	2009	2010	2011	2012	2013
Individual Income Tax, Total	132,114,346	133,664,600	135,214,000	136,720,400	138,162,900	139,575,200	140,951,700	142,279,500	143,545,300
Small Business/Self Employed	39,557,938	40,993,900	42,611,800	44,242,000	45,876,400	47,525,000	49,184,900	50,850,700	52,516,200
Wage and Investment	92,556,408	92,670,700	92,602,200	92,478,400	92,286,400	92,050,200	91,766,800	91,428,800	91,029,100
Corporation Income Tax, Total	6,101,295	6,315,700	6,477,100	6,649,000	6,815,900	6,973,100	7,125,100	7,279,200	7,450,200
Small Business/Self Employed	6,003,000	6,225,100	6,384,200	6,555,800	6,720,600	6,875,700	7,025,900	7,178,700	7,349,300
Large and Mid-Sized Business	89,020	82,200	84,500	85,000	87,100	89,200	91,000	92,400	93,000
Tax Exempt/Government Entities	9,275	8,400	8,400	8,200	8,200	8,200	8,200	8,100	7,900
Partnership Returns	2,664,591	2,863,200	3,026,700	3,185,100	3,338,600	3,487,500	3,632,100	3,772,500	3,909,000
Small Business/Self Employed	2,583,775	2,772,100	2,929,100	3,081,500	3,229,500	3,373,400	3,513,400	3,649,700	3,782,400
Large and Mid-Sized Business	80,493	90,700	97,300	103,300	108,700	113,700	118,200	122,300	126,100
Tax Exempt/Government Entities	323	300	400	400	400	400	400	500	500
Employment Tax, Total	30,840,863	29,779,400	29,197,600	29,539,400	29,863,100	30,156,000	30,417,500	30,657,900	30,906,600
Small Business/Self Employed	28,173,049	27,054,200	26,443,300	26,750,800	27,042,000	27,305,300	27,540,400	27,756,600	27,980,800
Large and Mid-Sized Business	634,824	648,800	654,900	662,200	669,000	675,300	680,800	685,900	691,100
Tax Exempt/Government Entities	2,032,990	2,076,400	2,099,400	2,126,500	2,152,000	2,175,400	2,196,300	2,215,400	2,234,700
Excise, Total	1,063,649	846,000	856,400	868,600	881,900	895,800	910,000	924,400	939,000
Small Business/Self Employed	959,347	757,700	768,500	781,300	795,700	809,600	824,100	838,800	853,400
Large and Mid-Sized Business	69,362	57,100	56,900	57,000	56,800	57,200	57,700	58,100	58,700
Tax Exempt/Government Entities	34,940	31,300	31,000	30,300	29,400	28,900	28,200	27,500	26,900
Exempt Organization, Total	807,635	831,400	859,700	874,600	908,700	926,600	960,500	978,200	1,012,000
Tax Exempt/Government Entities	807,635	831,400	859,700	874,600	908,700	926,600	960,500	978,200	1,012,000
Employee Plans, Forms 5500 and 5500EZ	957,501	929,200	922,000	922,000	922,000	922,000	922,000	922,000	922,000
Tax Exempt/Government Entities	957,501	929,200	922,000	922,000	922,000	922,000	922,000	922,000	922,000

Notes:

Form 990C returns are considered Large and Mid-Sized Business and are excluded from the Exempt Organization total.

Projections of Employee Plans returns are based on the 208-18-01 Report; the 2005 count reflects postings to the Employee Plans Master File.

Detail may not add to total due to rounding.

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Table 3. Accuracy Measures for U.S. Forecasts of Major Return Categories
Mean Absolute Percent Error (MAPE) and Number of Overprojections
for the Four (4) Most Recent Projection Cycles

Item	Calendar Year 2005 Actual * (thousands)	Projection Error on Forecasts for:				
		1 Year Ahead N=4	2 Years Ahead N=4	3 Years Ahead N=4	4 Years Ahead N=4	5 Years Ahead N=4
Grand Total - Selected Returns *	227,738					
MAPE		1.85%	4.15%	6.50%	7.36%	7.41%
Number of Overprojections		3	4	4	4	4
Grand Total - Paper	149,814					
MAPE		2.77%	6.06%	na	na	na
Number of Overprojections		3	4	-	-	-
Grand Total - E-file/ Mag Tape	77,923					
MAPE		2.69%	4.10%	na	na	na
Number of Overprojections		1	1	-	-	-
Total Primary - Selected Returns *	208,592					
MAPE		2.03%	4.51%	7.03%	7.84%	8.23%
Number of Overprojections		3	4	4	4	4
Primary Total - Paper	132,481					
MAPE		3.04%	6.58%	na	na	na
Number of Overprojections		3	4	-	-	-
Primary Total - E-file/ Mag Tape	76,111					
MAPE		2.21%	3.60%	na	na	na
Number of Overprojections		1	1	-	-	-
Individual Total	133,023					
MAPE		0.73%	1.80%	2.54%	2.53%	1.74%
Number of Overprojections		3	4	4	3	3
Individual Total - Paper	63,812					
MAPE		2.03%	5.70%	9.22%	14.40%	20.36%
Number of Overprojections		4	3	3	4	4
Individual Total - E-file	68,464					
MAPE		2.47%	4.26%	8.59%	13.22%	24.40%
Number of Overprojections		1	1	1	1	0
Individual Estimated Tax	29,038					
MAPE		11.47%	23.89%	37.47%	43.25%	45.93%
Number of Overprojections		3	4	4	4	4
Fiduciary Total	3,699					
MAPE		2.44%	3.27%	3.74%	4.30%	5.80%
Number of Overprojections		3	4	4	3	3
Partnership Total	2,720					
MAPE		1.85%	4.86%	5.41%	5.86%	8.61%
Number of Overprojections		0	1	1	1	1
Corporation Total	6,165					
MAPE		1.36%	2.74%	2.86%	3.83%	4.32%
Number of Overprojections		2	2	1	2	3
Employment Total	31,058					
MAPE		1.69%	2.58%	2.39%	2.51%	2.40%
Number of Overprojections		0	1	1	1	2
Exempt Organization Total	819					
MAPE		4.04%	4.67%	3.17%	7.41%	8.26%
Number of Overprojections		2	1	3	3	1
Excise Total	839					
MAPE		2.81%	6.26%	7.31%	11.29%	11.88%
Number of Overprojections		4	4	4	4	4

* Some actuals shown in this table differ from official counts reported elsewhere because they exclude certain return series only recently projected and whose accuracy can not yet be evaluated.

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Table Notes

Detail may not add due to rounding.

Projections are based on counts of returns filed as recorded in the *Reports of Returns Posted to the IRS Master Files*, with a few exceptions. In particular, complete master file counts for fiscal year 2005 were not available for Forms 1120X and 4868 and had to be supplied by operating division staff from secondary sources.

Notes below are grouped by applicable table.

Table 1:

“Grand Total” is the sum of “Total Primary Returns” and “Supplemental Documents.”

“Total Primary Returns” is the sum of all returns, excluding “Supplemental Documents.”

“Individual Income Tax, Total” is the sum of paper and electronic Forms 1040, 1040A, 1040EZ, 1040NR, 1040PR, and 1040SS.

“Forms 1040, 1040A, and 1040EZ” is the sum of the paper and electronic Forms 1040, 1040A, and 1040EZ.

“Fiduciary” returns include both paper and electronic Form 1041.

“Partnership” includes both paper and electronic Form 1065 and Form 1065-B.

“Corporation Income Tax, Total” includes Forms 1120/1120A (both paper and electronic), 1120F, 1120H, 1120L, 1120PC, 1120SF, 1120FSC, 1120REIT, 1120RIC, and 1120S (both paper and electronic). As a result of enacted legislation, no Form 1120FSC returns are expected beyond FY 2005.

“Form 2553” is the election to be treated as a small business “S corporation”.

“Form 1066” is the *U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return*.

“Estate” includes Forms 706, 706NA, 706GS(D), and 706GS(T).

“Form 709” is the *United States Gift (and Generation-Skipping Transfer) Tax Return*.

“Employment Tax” includes paper and electronic Forms 940, 940EZ, 940PR, 941, 941PR, 941SS, 943, 943PR, 943SS, 944, 945, and CT-1.

“Form 1042” is the *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*. It is sometimes considered an employment tax return, but listed separately here.

“Exempt Organization” includes Forms 990, 990EZ, 990PF, 990T, 4720, and 5227.

“Form 990C” is the *Farmer’s Cooperative Association Income Tax Return*, filers of which are considered customers of the IRS Large and Mid-Size Business Operating Division.

“Government Entities /Bonds” includes Forms 8038, 8038G, 8038GC, 8038T and 8328.

“Political Organizations” includes Forms 1120POL, 8871 and 8872.

“Excise, Total” includes Forms 11-C, 720, 730, and 2290.

“Form 5330” is the *Return of Excise Taxes Related to Employee Benefit Plans*.

“Form 8752” is the *Required Payment or Refund Under Section 7519*.

“Supplemental Documents” consist mainly of applications for extensions of time to file and amended tax returns, which include Forms 1040X, 4868 (both paper and electronic), 1120X, 5558, 7004 (both paper and electronic), and 8868 (both paper and electronic).

Table 2:

Individual filers classified as “Small Business/Self Employed” reflect those taxpayers filing a Form 1040 return with a Schedule C, Schedule F, Schedule E and/or Form 2106 attached, or with mailing addresses or forms considered “International”. All other individual filers are classified as “Wage and Investment.”

In general, corporation filers (Form 1120 series returns including Form 1120S) and partnership filers are classified as “Large and Mid-Sized Business” if their reported total assets are \$10 million or more. Corporation and partnership returns with assets below \$10 million are generally classified as “Small Business/Self Employed.” However, there are also some partnership and corporation returns classified as part of the “Tax Exempt/Government Entities” operating division.

Non-profit organizations, pension plan filers, tribal authorities, and governmental units comprise the “Tax Exempt/Government Entities” classification.

“Employee Plans” returns include paper and electronic Forms 5500 and 5500EZ. Counts by operating division in this table are based primarily upon the IRS master file “BOD indicator.” This indicator is a single, point-in-time, taxpayer level identifier (in contrast to a return-by-return identifier).

Other Projection Documents

<u>Title</u>	<u>IRS Document Number</u>	<u>Typical Updates</u>
<i>Calendar Year Projections of Information and Withholding Documents for the United States and IRS Campuses</i>	6961	Spring
<i>Calendar Year Return Projections for the United States and IRS Campuses</i>	6186	Fall
<i>Calendar Year Projections of Individual Returns by Major Processing Categories</i>	6187	Fall
<i>Calendar Year Return Projections by State</i>	6149	Winter

These documents are available electronically as noted inside the front cover.

These documents may also be requested

(1) by phone at (202) 874-0588,

(2) by fax at (202) 874-0613, or

(3) by writing to the following address

**Internal Revenue Service
Office of Research RAS:R
Attn: Acting Chief, Projections and Forecasting
1111 Constitution Avenue, NW, NCA-7111
Washington, D.C. 20224**



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